



Department
for Education

Sponsored academies funding

Advice for sponsors

February 2014

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Summary

About this departmental advice

This is departmental advice from the Department for Education. This advice is non-statutory, and has been produced to help academy sponsors understand what funding is available to them.

This advice was originally issued in July 2013. **Please note that only Part 2 of this advice has been revised.**

Expiry or review date

This advice will next be reviewed periodically.

Who is this advice for?

This advice is for academy sponsors.

Key points

This document gives sponsors information about DfE funding available to academy trusts for full sponsored and fast track academy projects, including how the grants are paid and reported on. It does not apply to converter projects.

The grants cover the pre-opening costs such as staff recruitment, project management and legal advice. An environmental improvement grant (EIG) is also available to full-sponsored academies.

It does not apply to converter projects.

Part 1: sponsored academies pre-opening funding

Introduction

1. The Department is changing Academy start-up funding arrangements to ensure that we are funding projects appropriately to secure the maximum benefit and value for money (VfM). On 1 September 2013, the Department will introduce new pre-opening start-up grant rates for fast track and sponsored academies and a new intermediate tier of projects. Projects that were approved by ministers before 1 September 2013 will continue to use the existing funding arrangements – DfE Project Leads can give more information about which funding route applies to a particular project.

The grant in summary

2. Pre-opening grants should be used by Academy Trusts (ATs) to cover everything they will need to buy up to the point at which the Academy opens. This includes the cost of any Project Management Company (PMC) support, education services and other costs, such as the recruitment and pre-opening salary of a Principal Designate, and Management Information Systems. The grant is a set and final amount – no further funding will be available. In view of this, ATs are encouraged to include a contingency amount within their budget to cover any unexpected costs. The grant will be paid directly to ATs who will then decide how best to use the funds to deliver their project. Any unspent funds will be transferred to the Academy bank account by the AT on opening.

3. The new grant amounts are:

- £110k for primary schools and special schools;
- £150k for secondary and all-through schools;
- £90k for intermediate tier primary/special schools;
- £115k for intermediate tier secondary schools;
- £70k for fast track primary/special schools
- £80k for fast track secondary schools.

For Alternative Provision Academies, the amount of pre-opening funding will be negotiated on a case-by-case basis. These amounts will be reviewed periodically.

4. The grant will be paid in equal quarterly instalments during the project development phase (see paragraph 16 for further details), so that funding is not paid too far in advance. Payments will be made to the AT rather than to the sponsor. If the AT is not already in place an early task will be to ensure that it is established (see paragraphs 11 - 13). We no longer require claim forms or copies of invoices – it will be up to the AT to maintain appropriate financial records, although we will require a monthly report to be completed.

Project development support

5. Once Ministers have agreed to the release of pre-opening funding, the nature of project development support will be agreed by the Department's Project Lead (PL) and Sponsor/AT. Along with budgetary autonomy, ATs will be free to decide what support they need in establishing their Academies, and how to secure it. ATs have three options for securing project development support. They are to:

- contract with a PMC through the Department's Project Management and Educational Services (PMES) framework;
- procure openly; or
- undertake the work 'in-house' using AT employees (see paragraph 9 for further details).

6. For first-time sponsors we would usually recommend that the AT procures support, either through the PMES framework or via open competition. This includes high-performing schools that have recently gone through the Academy conversion process: there is much more work involved in opening sponsored Academies, and experience suggests that such sponsors have generally found external support helpful.

7. As contracting authorities in their own right, ATs can buy in commercial services from other sources, provided that the method they use to do so complies with EU and Public Procurement regulations. EU Procurement regulations state that if the value of a contract for goods or services is greater than £173,934 (as at January 2012), a full, EU-wide tendering process must be carried out. This can take up to six months to complete. The PMES framework was set up in full compliance with EU Procurement law to create a list of approved suppliers who can then bid for projects as part of a quicker (typically up to four weeks) and much simpler process.

8. If ATs choose to appoint a PMC from the PMES framework, we expect ATs to use the same process of tender, evaluation and appointment that has, up until now, been used by the Department. Failure to do so could mean that they breach procurement law. ATs will be provided with a full suite of guidance and template letters needed to run a compliant Framework tendering and appointment exercise. PLs will not normally have a role in the Framework tendering process, unless invited to do so by the AT, in which case the PL can offer support and guidance to the AT's procurement process.

9. If the AT wishes to undertake the PM work 'in-house', they will need to ensure they have employees with the capacity and the right experience. To comply with procurement law, only AT employees can undertake this work. Sponsors cannot profit from sponsoring an Academy. Where an AT wants to deliver its own projects, they must do so "at cost" with no profit margin factored in. This means without charging any element of profit on the goods and/or services provided. For people based resources this will be based on a day rate calculated by dividing the salary of the person plus employment related taxes (for example, in the UK, national insurance tax, pension, essential training and reasonable office and other directly employee related costs) by 210 working days a year

pro rata as appropriate. Incidental travel expenses and (if required) accommodation and subsistence will also be at cost. Other services will operate within the no profit principle. All such calculations should be subject to open book and audit. Cost information should be transparent and clearly set out how the costs have been calculated. VAT is not chargeable where the AT delivers projects as this is not a commercial (trading) arrangement. Where the AT itself incurs VAT charges (e.g. printing costs), the cost is expected to be reclaimed direct from HMRC where appropriate to the 'provision of free education'.

10. The pre-opening funding should be used to cover all the tasks necessary to establish the Academy. Typically, this will include:

- project management services;
- education advice and development of the educational brief/plan, curriculum and policies;
- legal services including establishing the Academy Trust, dealing with land transfer issues and preparing the Funding Agreement documentation;
- communications and marketing support, including running or supporting the Academy consultation process;
- HR and recruitment services to support any TUPE process and senior leader appointments; and
- financial management and advice to establish the Academy's finance and management information systems.

Establishing the academy trust

11. New sponsors can apply to the Department for Sponsor Capacity Funding (SCF). This is designed to increase the capacity of organisations planning to sponsor their first Academy. Applications are assessed on a case by case, first come first served basis (NB the level of funding available is fixed and limited. Expressions of interest should be made to: sponsorapplication.osc@education.gsi.gov.uk).

12. If a sponsor does not receive SCF, there are two other options to fund the cost of establishing the AT. If using the PMES framework, a new sponsor could use PMC support to establish the AT. Under the PMES framework, PMCs are not paid until services have been delivered, and the first grant payment can not be made until the AT has been established. Therefore establishing the AT would be the PMC's first priority. If the PMC undertook any other work during this period, it would have to wait until the AT had been incorporated to receive payment.

13. Alternatively, a new sponsor may plan for the AT to undertake PM work in-house, but have insufficient funds to cover the legal costs of establishing the AT. In those circumstances, the Department could make an advance payment of pre-opening funding

grant of £25,000 to cover those costs. The £25,000 would be deducted from the first grant instalment so that the AT would still receive the same overall funding.

Roles and responsibilities

14. The PL's role is to provide help and support to the AT in delivering the project within the funding provided. PLs will help ATs understand their procurement and governance responsibilities and the associated risks and liabilities, and the full range of tasks to be completed during the project development phase. They are also a source of advice and support, where needed, in developing the pre-opening budget – they have experience of delivering Academy projects and the typical costs of the various activities.

15. The grant letter and this guidance for sponsors is intended to help sponsors understand their roles and responsibilities in spending public money, in line with public finance and procurement regulations.

- The Managing Public Money Guidance is at: http://www.hmtreasury.gov.uk/psr_mpm_index.htm;
- The Public Procurement Regulations are at: <http://www.legislation.gov.uk/ukxi/2006/5/contents/made> (the main regulations) and <http://www.legislation.gov.uk/ukxi/2011/2053/made> (the revision).

Payment Arrangements

16. Once Ministers have agreed to the release of pre-opening funding, the pre-opening grant letter is issued. The first payment is made once the AT has been incorporated and the relevant Annexes to the grant letter have been completed and returned by the AT to the Department. The grant is paid automatically in quarterly instalments (i.e. at three-month intervals) during the project development phase. Where project timescales are such that the Academy opening date is three months or less from the Ministerial agreement to the release of pre-opening funding, a single grant payment will be made.

17. The payment profile is designed to ensure that ATs will have sufficient funding available to meet their needs. It also accommodates the varying timescales to develop sponsored Academy projects, but without paying too far in advance in order to comply with the Government's Managing Public Money requirements. The model grant letter is at **Annex 1**.

18. The grant letter makes provision for the Department to withhold or recover grant payments in certain circumstances. These are where there are grounds to believe that it has not been used or will not be used in accordance with the terms of the grant letter; where there are grounds to believe that the funds provided have not been properly

managed; or where there are some other circumstances which would make it appropriate to withhold payment.

Reporting arrangements

19. The grant letter sets out clearly the need for ATs to conform to the requirements of Parliamentary control in relation to the use of public funds. It refers them to the Academies Financial Handbook, and reminds them of their duties as charity trustees. The Academy will be required to include the pre-opening period for external assurance in the first set of its accounts.

20. ATs will provide a light-touch monthly report on spend as part of a slimmed-down overall project status report. The monthly report template, including guidance for completion by project managers, is at **Annex 2**.

21. ATs are also required to report on final project spending by completing a Declaration of Grant Expenditure form (Annex F to the grant letter) when the Academy opens. This will confirm that the grant has been used appropriately, in accordance with the Conditions of Grant. If any grant paid has not been used on Academy development, the AT must transfer the balance to the Academy's bank account, and record the amount transferred on the form.

Annex 1

**[Name
Address of Trust]**

Direct line:
Email:
Date

Dear

[NAME] ACADEMY PROJECT: PRE-OPENING GRANT

The Secretary of State has agreed to make a Grant to you of no more than **[£xxxk.]** (including VAT) under Section 14 of the Education Act 2002 (“the Grant”). This Grant is to cover Eligible Expenditure for pre-opening costs including curriculum development, legal advice, project management and early appointment of key staff, for example the Principal Designate.

The Secretary of State is under no obligation to pay any Grant beyond that specified in this grant offer letter and such payment is subject to the enclosed terms and conditions of the Grant, and associated Annexes. The payment of Grant will be made in accordance with paragraph 10 of the Conditions of Grant at Annex A, subject to acceptance of those Conditions and provision of the authorised signatories at Annex C and the Academy Trust’s bank account at Annex D.

To accept this offer of funding please sign both copies of the Grant Agreement (Annex A) and return it with Annexes C and D (originals) to **[PROJECT LEAD NAME]** at the above address, who will sign and return one copy of Annex A to you for your records. Please note that payment cannot be made until we have received the signed copies of Annex A and completed Annexes C and D.

Please note also that this Grant does not influence nor constitute the Secretary of State’s final approval for the Academy to open. The opening of the Academy remains subject to the Secretary of State entering into a Funding Agreement with the Academy Trust in respect of the Academy.

Yours sincerely

[NAME]
Academy Project Lead
For and on behalf of the Secretary of State

Annexes:
Annex A: Conditions of Grant
Annex B: Examples of Pre-opening Services
Annex C: Authorised signatories
Annex D: Academy Trust’s bank account details
Annex E: Monthly Status Report
Annex F: Declaration of Grant Expenditure

Annex A

GRANT AGREEMENT FOR [NAME] ACADEMY TRUST

Terms and Conditions of Grant

1. For the purposes of this Grant Agreement:

- "Academy Trust" means [Name of Academy Trust];
- "Allocated Project" means [Name of Academy Project];
- "the Department" means the Department for Education;
- "Eligible Expenditure" means the funding agreed by the Department for the Services as set out in this Grant letter;
- "Financial Year" means the 12 months from 1 April to 31 March;
- "Funding Agreement" means the Academy arrangement to be entered into under section 1 of the Academies Act 2010 between the Secretary of State and the Academy Trust in respect of the Allocated Project;
- "In-house" means the Services provided by the Academy Trust under this Grant, which shall be provided by employees of the Academy Trust or, in certain circumstances, secondments to the Trust only;
- "Month" means calendar month;
- "Pre-opening" means those tasks necessary and associated with developing and opening the Allocated Project and may include but not necessarily be limited to project management and educational services.
- "Secretary of State" means the Secretary of State for Education; and
- "Terms and conditions of Grant" mean the terms and conditions of the Grant, as set out in this Grant letter.

Grant Offer

2. This Grant letter sets out the Terms and Conditions for the payment by the Secretary of State for Education of a Pre-opening Grant offer to the Academy Trust out of monies voted by the UK Parliament. In 2013-14 the maximum amount of grant payable will be **[insert £x]** and the indicative amount of grant in 2014-15 will total **[insert £x]**. The 2014 - 15 allocation will be subject to Parliamentary approval. The Department shall send to the Academy Trust a formal statement of the Grant approved in 2014-15 as soon as possible following such approval. **[NB amend as necessary]**
3. Any Grant paid by the Secretary of State will be paid pursuant to Section 14 of the Education Act 2002 and will accordingly be paid only in support of the development of the Allocated Project.
4. Examples of typical services the Grant may be used to fund and which the Academy

Trust may wish to procure to support the development of the Allocated Project are shown in Annex B.

5. Monthly or at project end, whichever is the earlier, the Academy Trust shall provide to the Secretary of State a written report in such form and details as the Secretary of State shall prescribe, reporting on all matters within the Academy Trust's responsibility under the Grant. The current report format is at Annex E.
6. The Academy Trust will complete the Declaration of Grant Expenditure form at the point at which the Academy Project opens. This will confirm that the Grant has been used in accordance with Conditions of Grant. The form is provided at Annex F. In addition, the Secretary of State may from time to time require the Academy Trust to provide information in respect of expenditure, commitments and unspent monies provided under this Grant letter related to the Allocated Project.

Amount of Grant

7. The maximum amount of Grant payable under this Grant letter will be **[£xxxk.]** (inclusive of VAT) of which £y is in respect of 2013-14 and £z is in respect of 2014-15, subject to paragraph 2. **[NB amend as necessary]**

Payment arrangements

8. Payment of Grant shall be subject to the Academy Trust complying with the Terms and Conditions and requirements set out in Annex A of the Grant letter and to such further conditions and requirements that the Secretary of State may from time to time specify. These shall include the provision of information on results that have been achieved or services performed in developing the project. The Grant must not be used to fund activities that may be party-political in intention, use or presentation, or to propagate a religion or belief.
9. Ordinarily Grant must not be spent maintaining existing websites or developing/creating new websites. All publicly funded school websites are exempt from this Grant condition. Where the Academy Trust plans such expenditure, they must comply with the web guidelines found on the COI website¹ and DfE website².
10. Subject to paragraph 2, Grant payment will be made by the Department to the Academy Trust, via BACS in quarterly instalments, the first once the Academy Trust has been incorporated. If the Academy Trust is already incorporated, the first payment will be made on **DATE**. **[NB tailor as necessary]**

¹ COI - Web Standards and Guidelines: <http://coi.gov.uk/guidance.php?page=18>

² <http://www.education.gov.uk/help/legalinformation/a0077793/cookies>

11. The funding profile set out at paragraph 10 may be varied or suspended, if the Department has concerns that sufficient progress towards the opening of the Allocated Project is not being made, or about the way in which money is being used and/or if the Academy Trust fails to provide any other information in respect of the Allocated Project that the Secretary of State may request from time to time as required by paragraphs 5 and 6. This condition does not limit the Secretary of State's entitlement under paragraph 19 to withhold the payment or terminate and recover the provision.
12. The Academy Trust is reminded that it must not profit from running an Academy. Where services are provided in-house by the Academy Trust, these shall be provided without charging any element of profit on the goods and/or services provided ('At Cost'). For people-based resources this will be based on a day rate calculated by dividing the salary of the person plus employment-related taxes borne by the employer (for example, in the UK national insurance), pension, essential training and other directly employee related costs, by 210 working days a year pro rata as appropriate. Reasonable incidental travel expenses and (if required) reasonable accommodation and essential subsistence will be charged at cost. Other services will require a methodology mutually agreed by all the Parties to this Agreement within the no profit principle. Fixed overheads will not be recoverable but if additional overheads or costs are incurred for the purposes of providing the services then these would be allowable within the no profit principle subject to mutual agreement between the Parties to this Agreement. All such calculations will be subject to open book and audit.
13. Where the Academy Trust enters into a sub-contract with a supplier or contractor for the purpose of performing its obligations under this Grant, it shall ensure that a provision is included in such a sub-contract which requires payment to be made of all sums due by the Academy Trust to the sub-contractor within a specified period not exceeding 30 days from the receipt of a valid invoice.
14. The Academy Trust must not deliberately incur liabilities for Eligible Expenditure before there is an operational need to do so; and must not pay for Eligible Expenditure sooner than the due date for payment.
15. Subject to the conditions of paragraphs 8 and 21, if, on Academy opening, any Grant paid has not been used on Academy development, the balance shall be transferred into **[name of Academy]**'s bank account.
16. If any grant monies received under this Grant letter include an amount payable in respect of VAT which will be payable by the Academy Trust in using any such grant monies, the Academy Trust shall, having paid the VAT to a third party for any goods or services it has purchased from such a third party, where entitled, promptly and, in any event, as soon as is reasonably practicable, submit a VAT reclaim application to Her Majesty's Revenue and Customs (HMRC) in respect of such VAT payment. The

Department is currently considering whether the Academy Trust will be required to repay such VAT recouped from HMRC to the Department, and will provide further guidance on this matter in due course. Following recoupment of VAT from HMRC, the Academy Trust shall ensure that it does not spend such recouped monies until such time as consent for the same has been obtained from the Department.

17. The Academy Trust shall maintain accurate and detailed accounts which shall be retained for at least six years after the end of the financial year in which the last payment was made under the Grant. Input and output VAT (if appropriate) shall be included as separate items in such accounts.
18. The Academy Trust shall permit duly authorised staff or agents of the Secretary of State, the Secretary of State's Representative or the National Audit Office to examine the accounts kept by it with respect to the project development work at any reasonable time and shall furnish oral or written explanations of the account if required. The Secretary of State reserves the right to carry out or have such staff or agents of the Secretary of State carry out examinations into the economy efficiency and effectiveness with which the Academy Trust has used the Grant.
19. The Academy Trust shall provide access at all reasonable times to the Secretary of State's internal auditors or other duly authorised staff or agents to inspect and take copies of such documents as the Secretary of State considers necessary in connection with the Grant and where appropriate speak to the Academy Trust's employees.

Amendment or variation or Termination of the Grant

20. If the Allocated Project is withdrawn by the Academy Trust before opening, no further monies can be expended against the Grant, and the Grant will be deemed to be cancelled. The Academy Trust should use its best endeavours to not incur any additional liabilities from the date of the withdrawal of the Allocated Project. Any Grant issued to the Academy Trust but which remains unexpended on the date of the withdrawal of the Allocated Project shall be repaid to the Department, after consulting the Department on the method of repayment.
21. If the Department decides not to enter into the Funding Agreement with the Academy Trust and/or not to proceed with the Allocated Project at any time during the period of this Grant, no further Grant monies can be expended against the Allocated Project, and the Grant will be deemed to be cancelled from the date of such a decision by the Department. Any monies legitimately incurred under the terms of this Grant prior to the date of such a decision may be paid at the discretion of the Department. Any Grant issued to the Academy Trust but which remains unexpended at the date of the decision not to enter into the Funding Agreement/proceed with the Allocated Project shall be repaid to the Department, after consulting the Department on the method of repayment.

22. The Secretary of State shall be entitled to withhold the payment or terminate and recover the provision, where he has grounds to believe that it has not been used or will not be used in accordance with the terms of this Grant letter, where he has grounds to believe that the funds provided in accordance with the terms of this Grant letter have not been properly managed or where he is of the view that some other circumstances exist which would make it appropriate for him to withhold payment.
23. The maximum payment under the terms of this Agreement is [£xxxk.] The Academy Trust should ensure that no pattern of spending is allowed to develop which cannot be contained within the approved budget; where this seems likely, the Department should be informed immediately and in writing.

Liability

24. Subject to paragraph 15, the Grant for (non-capital) costs is granted only for the period following approval of the application for the Allocated Project to enter the project development stage to support its development until that Allocated Project is due to open. This Grant does not influence or constitute the Secretary of State's final approval for the Allocated Project to open. The Allocated Project's opening remains subject to the Secretary of State entering into a formal Funding Agreement with the Academy Trust.
25. The Academy Trust must not assume nor have any expectation that any further monies will be paid under the Grant beyond the amount stated in this Grant letter, nor that the Secretary of State will be liable for any additional cost, such as to cover the costs of redundancies, pension etc at the conclusion of this Grant.
26. Prior to the date of termination of the Grant or, if the Allocated Project is withdrawn by the Academy Trust, or if the Department terminates the Grant in accordance with paragraphs 21 and 23, as soon thereafter as possible the Department shall agree with the Academy Trust those reasonable costs necessarily incurred by the Academy Trust in ceasing to deliver the Grant-funded activities or the transfer of activities provided such costs are directly attributable to the early termination of this Grant.
27. Failure by the Secretary of State at any time to terminate the Grant for breach of any condition shall not be construed as a waiver of such entitlement to terminate and shall not affect the validity of these Grant Conditions or any part or parts hereof or the right of the Secretary of State to terminate in accordance with its terms, unless the Secretary of State gives notice, in writing, of a variation to these Grant Conditions, removing such condition or confirmation of waiver of such entitlement to terminate.

Financial/Project management

28. In relation to the use of Grant, the Academy Trust shall abide by the requirements of

and have regard to guidance in the Academies Financial Handbook³ published by the Department and amended from time to time, which sets out in detail provisions for financial management, including guidance on financial systems and controls and accounting and reporting requirements.

29. The Academy Trust agrees to exercise all reasonable skill, care and attention to be expected of a competent project management body in carrying out all duties to support the development of the Allocated Project.
30. The Academy Trust shall comply with any Act of Parliament, any instrument, rule or order made under any Act of Parliament and any regulation or bye-law of any local authority or any statutory undertaker or of any public or private utility or undertaking which has any jurisdiction with regard to the Allocated Project and without prejudice to the generality of this Condition, undertakes to carry out and fulfil in all respects any relevant duties required under the Construction (Design and Management) Regulations 2007.

Borrowing

31. With respect to the Grant-funded activities, the Academy Trust shall not borrow or lend money from any source, charge any asset or security, nor give any guarantees, indemnities or letters of comfort, without the prior written consent of the Secretary of State.

Losses, gifts and special payments

32. With respect to the Grant-funded activities, the Academy Trust must not write off any debts or liabilities owed to it, nor offer to make any special payments or give any gifts without the prior written consent of the Secretary of State. A record of gifts both given and received must be kept.

Third Party Software and other IPR

33. The Department acknowledges that where the Academy Trust will use the software or other IPR of third parties or other partners to deliver services ownership of such software or other IPR shall remain with the relevant third party.
34. Unless otherwise agreed with the Department, the Academy Trust shall only use standard 'off-the-shelf' versions of any third party's software provided that additions or

³ Academies Financial Handbook:
<http://www.education.gov.uk/schools/adminandfinance/financialmanagement/efafundingfinance/b00212647/external-assurance/academies-financial-handbook>

variations to 'off-the-shelf' third party software shall not require the Department's agreement where the IPR in such additions or variations is licensed to the Academy Trust (for the purpose of making the same available to the Department) as an integral part of the third party software.

35. The Academy Trust shall obtain and maintain all appropriate licences to use the third party software to allow it to deliver the objectives of the Grant.

Disposal of assets and change of use

36. Where the market value exceeds £2,500, the Academy Trust shall consult the Secretary of State if it proposes to dispose of, or change the use of, a tangible asset (e.g. land, building and equipment) or an intangible asset (e.g. copyright) which has been financed or developed wholly with monies paid by the Secretary of State under
37. Any proceeds, where the total amount exceeds £2,500, resulting from the disposal of an asset financed with this Grant from the Secretary of State, or the appropriate proportion thereof, shall be surrendered to the Secretary of State.
38. Where the market value exceeds £2,500, if the purpose of an asset, funded wholly or in part from this Grant from the Secretary of State, is changed from that for which it was originally funded, the value of that asset, or the appropriate proportion thereof, shall be remitted to the Secretary of State. Unless otherwise agreed in writing by the Secretary of State with the consent of the Treasury, the Academy Trust shall not dispose of assets below market value.
39. The Academy Trust shall comply with the Department's directions in relation to any transfer of assets on expiry or termination of this Grant.
40. For the purposes of paragraphs 36-39 above, any group or class of assets which together form one identifiable and saleable asset, whether or not they are capable of being sold individually or in smaller classes or groups, (for example, but without limitation, the constituent parts of a single IT system) shall, if aggregated and together sold, transferred or otherwise dealt with in a manner specified in paragraphs 36-39, be treated for valuation purposes as a single asset.

Insurance

41. The Academy Trust shall ensure that it insures or procures insurance by another person of its assets in accordance with normal commercial practice or under the terms of any subsisting leases in respect of the leasehold interest of the site upon which the Academy is situated.

Staffing

42. The Academy Trust shall comply with existing legislation in respect of employment.

43. The Secretary of State shall be entitled, after consultation with the Academy Trust, to require the replacement of any person employed by or contracted to the Academy Trust in the performance of its obligations under this Grant in respect of any of the Pre-opening work funded by the Grant, including any individual who, in the Secretary of State's reasonable opinion, has failed to perform satisfactorily or who has mis-conducted himself in any way. The Academy Trust shall promptly replace such person with an appropriately qualified and experienced substitute at no additional cost to the Secretary of State.

Procurement requirements

44. Contracts of work, equipment, stores and services etc awarded by the Academy Trust shall be placed on a competitive basis, unless there are good reasons to the contrary. Tendering procedures shall be in accordance with The Public Procurement Regulations 2006⁴, where applicable, and any additional guidance issued by the Department.

Statutory Obligations

45. It is agreed that statutory and other constraints on the exchange of information will be fully respected, including the requirements of the Data Protection Act (DPA) 1998, the Freedom of Information Act 2000 (FOIA) and the Human Rights Act 1998.

46. The Academy Trust shall adhere to equal opportunities legislation including but not limited to the Equality Act 2010 and all other relevant equal opportunities and non-discrimination law.

Transparency

47. The Department and the Academy Trust acknowledge that, except for any information which is exempt from disclosure in accordance with the provisions of the FOIA and DPA, the content of the Grant offer and terms and conditions is not confidential Information. The Department shall be responsible for determining in its absolute discretion whether any of the content of the terms and conditions is exempt from disclosure in accordance with the provisions of the FOIA.

48. Subject to paragraph 45, the Academy Trust hereby gives consent for the Department

⁴ The Public Contracts Regulations 2006:
www.legislation.gov.uk/ukxi/2006/5/contents/made
<http://www.legislation.gov.uk/ukxi/2011/2053/made>

to publish the Grant offer and terms and conditions in its entirety, including from time to time agreed changes to the Grant offer, any payments and funding agreement, to the general public.

49. The Department may consult with the Academy Trust to inform its decision regarding any redactions but the Department shall have the final decision in its absolute discretion.
50. The Academy Trust shall assist and cooperate with the Department to enable the Department to publish the Grant offer, any payments and terms and conditions.
51. The Academy Trust recognises that the Secretary of State is subject to legal duties which may require the release of information under the FOIA or similar legislation or equivalent codes and that Secretary of State will be/is under an obligation to provide information on request. Such information may include matters relating to, arising under or out of the Allocated Project in any way.
52. The Academy Trust recognises that each request for information must be considered individually and that any decision to disclose information will be the decision of the Department.
53. In any event, the Department shall not be responsible to the Academy Trust for any loss, damage, harm or other detriment, however caused arising from the disclosure of any information under the FOIA or other similar legislation or code.

Interpretation and Resolution of Disputes

54. Questions arising on the interpretation of the arrangements in this Grant letter shall be resolved by the Secretary of State after consultation with the Academy Trust.
55. The Parties shall use all reasonable endeavours to negotiate in good faith and settle amicably any dispute that arises during the continuance of this Grant. In the event that a dispute arises as a result of this Grant, the dispute shall be referred in the first instance to the Department's Grant Manager and the Academy Trust's Grant Manager. If the dispute cannot be resolved by these representatives within a maximum of 30 days, then the matter must be escalated as detailed in paragraph 56.
56. Should difficulties arise with the operation of this Agreement, which cannot be resolved by the Department, the matter will be put to a formal meeting at official level between the Department and the Academy Trust, and ultimately to the Accounting Officer of the Department and the Academy Trusts' Chief Executive.
57. To accept this offer of funding please sign both copies of this Grant letter in the space indicated overleaf and return both copies to the Department for signing. This Grant letter is effective from the date of signing.

Signed by a person authorised to sign on behalf of the Secretary of State	
Date:	
Signature:	
Name (please print):	
Position in DfE:	Academy Project Lead

The Academy Trust accepts the offer of Grant contained in this Grant letter and agrees to comply with the Terms and Conditions of the Grant on which the offer is made.

Signed by a person authorised to sign on behalf of the Academy Trust	
Date:	
Signature:	
Name (please print)	
Position in organisation:	

Principal contacts	Department	The Academy Trust
Contact name/postal address	PL name	
Position	Academy Project Lead	
Telephone number		
Email address		

Annex B

Examples of Pre-opening Services

Subject to the conditions in paragraphs 8 and 9 of Annex A, the following are examples of services the Academy Trust may need to procure to support the development of the Allocated Project:

- Project management
- Education advice and development of the educational plan, curriculum and policies
- Legal services
- Communications and marketing support
- Consultation support in accordance with Section 10 of the Academies Act 2010
- HR and recruitment services
- Financial management and advice
- Appointment of key staff, including the Principal Designate
- Financial and management information systems
- Pre-opening insurance

Annex C

AUTHORISED SIGNATURES FOR PRE-OPENING GRANT

[Name] Academy Trust

From(insert date) the persons listed below are authorised signatures for the Services costs Grant as approved by the Department, which is subject to the Conditions of Grant at Annex A:

1. NAME (block capitals):
POSITION:
SAMPLE SIGNATURE:
2. NAME (block capitals):
POSITION:
SAMPLE SIGNATURE:
3. NAME (block capitals):
POSITION:
SAMPLE SIGNATURE:
4. NAME (block capitals):
POSITION:
SAMPLE SIGNATURE:

Note: Authorised signatories should be limited to senior post holders and governors

Annex D

BANK DETAILS

[Name] Academy Trust

From [date] please make payments of the Grants listed below to the following account:

Recurrent Grants

Bank or Building Society

Name:
Address:
.....
.....
.....

Sort Code:

--	--	--	--	--	--	--	--	--

Account No.

--	--	--	--	--	--	--	--	--	--

Account title

Account type

Address for Remittance to be sent
.....
.....
.....

Bank details authorised by (original signatures):

Signature 1: *Signature2:*

Name: *Name:*

Position: *Position:*

Date: *Date:*

Annex E

SPONSORED ACADEMY MONTHLY STATUS REPORT

<div>xxx Academy</div> <div>Month/Year</div>
PM Company: DfE Project Lead: Month [x] of [y] months in Academy Development Phase
Outputs/Achievements for this period:
Slippage and remedial action:
Additional Information:

Pre-Opening Budget Report	Total Budget	Total Budget to Date	Actual Spend to Date	Variance Actual v Budget	Budget Remaining
Project Management					
Education advice & development of educational plan, curriculum, staffing structure and policies					
Legal services					
Communications and marketing support					
Consultation support					
HR and recruitment services					
Financial management and advice					
Appointment of key staff, including Principal Designate					
Financial and management information systems					
Other					
TOTAL					
BUDGET NARRATIVE					
SPEND TO DATE					
Commentary, including explanation of any over/underspends: 					
END YEAR FORECAST					
Total Budget £k	Commitments to [Day before Academy due to open]		Variance (Underspend +)		
Commentary:					

Annex F

DECLARATION OF GRANT EXPENDITURE

I, _____ Finance Director at [Name] Academy Trust confirm that the pre-opening grant for developing [Name] Academy has been spent on costs as outlined in the Conditions of Grant letter.

A total of £xxx was spent on project development costs and (if applicable) the remaining £xxx was transferred to the Academy bank account.

Name

Address

Contact number

Signed

Annex 2

Sponsored academies monthly status report

GUIDANCE NOTES FOR COMPLETION

(please delete this notes page before submitting the report)

- **Outputs/Achievements for this period** - this section should list the top five achievements for the project and could include issues resolved, and difficulties encountered. It should include key milestones met and any significant outputs e.g. Funding Agreement signed.
Product Development Plan (PDP) deliverables should not be listed
- **Slippage and Remedial Action** - this should identify any slippage in work expected to have been completed this month and the action taken to rectify this.
- **Additional Information** - this section should include any changes to the project plan. The information should be presented as a bulleted list.

Pre-Opening Budget Report

This section must be completed monthly to confirm effective budget monitoring against each of the identified categories:

- **Total Budget** – the whole budget for each category.
- **Total Budget to Date** – the planned budget spend up to the end of the reporting month.
- **Actual Spend to Date** – the amount spent/committed up to the end of the reporting month.
- **Variance** – the difference between planned budget spend and actual spend. If the actual spend is less than the planned spend the difference should be represented as a minus.
- **Budget Remaining** – the difference between total budget and actual spend to date.

Budget Narrative

- **Commentary** - this must be completed each month and explain any variance between the actual and spend to date. The information should relate to the figures in the Revenue Budget Report section.
- **End of Year Forecast** - entries here should clearly reflect the budget outturn and highlight any potential overall project under- or over-spend as soon. Project Leads will discuss with Project Managers how any potential overspends might be

addressed from within the existing budget. There should be no expectation that more funding will be available. Project Managers should discuss potential remedies in their commentary.

Delivery of Report

The status report must be sent to the DfE Project Lead once a month, on a date agreed with the Project Lead. The report is expected to cover no more than two A4 sides as set out. The aim is to provide a succinct summary pinpointing the key issues/events so that anyone unfamiliar with the project is provided with an instant snapshot of progress.

Risk Management

A full risk and issues register is not required to be submitted with the monthly status report, but should be a standing item on the Project Steering Group meeting agenda.

SPONSORED ACADEMY MONTHLY STATUS REPORT

xxx Academy Month/Year
PM Company: DfE Project Lead: Month [x] of [y] months in Academy Development Phase
Outputs/Achievements for this period:
Slippage and remedial action:
Additional Information:

Pre-Opening Budget Report	Total Budget	Total Budget to Date	Actual Spend to Date	Variance Actual v Budget	Budget Remaining
Project Management					
Education advice & development of educational plan, curriculum, staffing structure and policies					
Legal services					
Communications and marketing support					
Consultation support					
HR and recruitment services					
Financial management and advice					
Appointment of key staff, including Principal Designate					
Financial and management information systems					
Other					
TOTAL					
BUDGET NARRATIVE					
SPEND TO DATE					
Commentary, including explanation of any over/underspends:					
END YEAR FORECAST					
Total Budget £k	Commitments to [Day before Academy due to open]		Variance (Underspend +)		
Commentary:					

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Part 2: sponsored academies post-opening start-up grant

1 Introduction

On 1 April 2014 the Department will introduce changes to the post-opening start-up grants for new academies. The new arrangements will apply to projects that have Academy Orders issued on or after this date. These changes are being introduced as part of the Department's wider work to ensure that projects are being funded appropriately and that we secure the maximum benefit and value for money (VfM) from post-opening funding. Existing arrangements will continue to apply to projects that receive Academy Orders before 1 April 2014. The changes will affect only the formulaic diseconomies element of the grant and will apply to full sponsored projects only. The flat rate element is not affected.

2 Summary of changes to the formulaic diseconomies element:

- Funding is intended to contribute towards leadership and other costs as new academies build up their pupil numbers.
- Funding will continue to be based on the number of pupils on roll in the first year of opening at the academy compared to the academy's capacity. However, we want to make clear that the purpose of the grant is to provide for up to one additional senior leadership team member in academies that open below 90% capacity.
- Maximum and minimum amounts to the funding academies receive will be introduced. Maximum amounts are based on the average cost for a Senior Leadership Team member. For secondary schools the amount will also be dependent on the size of the academy. Minimum amounts are based on an amount that is judged sufficient to effect change in schools that have been underperforming for a number of years.

The new amounts are provided in the tables below:

Primary:

	£
Minimum	10,000
maximum	50,000
Per % below 90% full	2,500

Secondary:

	Small Secondary (up to 250 pupils) £	Medium Secondary (251 – 999 pupils) £	Large Secondary (1000+ pupils) £
Minimum	10,000	10,000	10,000
Maximum	60,100	Proportional, based on size of academy and pupils on roll at opening. Example below.	80,200
Per % below 90% full	3,000		4,000

Medium size academies, i.e. those with 251 – 999 pupils, will receive a proportional amount. For example, a 625 place academy at 70% capacity would receive £3.5k per percentage point below 90% full. The Maximum amount would be £70.0k

A ready reckoner is available on the Department's website to help calculate the amount of grant that would be received.

The grant in summary

On opening, a Start-Up Grant (SUG) is paid to Full Sponsored Academies in order to assist them raise standards and transform educational attainment. The funding is not hypothecated and the academy can direct it to educational priorities, as it sees fit. For instance, the Start-Up Grant can be spent on new uniforms, teacher training, governor training, books, equipment and building leadership capacity.

Different arrangements apply where there is no predecessor school. In the majority of such cases, the local authority is funding the building project (including capital and pre-opening costs) in response to local need for places and our expectation is that the local authority will pay post-opening start-up costs. In a handful of cases, all of which were projects that started before February 2012, DfE has previously agreed to pay the post-opening start-up costs (primarily this refers to projects where DfE is funding the capital costs of the new building). In these cases only, start-up grant will be calculated in the same way as for Free School projects. Please refer to the separate guidance on this.

Where the predecessor school's capacity is significantly larger than the forecast number of pupils on roll, the Department will agree with the Academy Trust a reduced capacity for the academy in line with realistic planned growth.

The way in which the Start-Up Grant is calculated is dependent on whether the new academy is a Primary, Secondary, Special Academy or an Alternative Provision Academy.

There is no assessed or exceptional element of the Start-Up Grant and there can be no appeals about the level of funding awarded.

Academies will receive formal notification of their grant allocation within their funding letter, although this guidance can be used well in advance to calculate what Start-Up Grant will be received.

Fast-Track and Intermediate tier academies are expected to require less transformation to raise standards so are not eligible for any Start-Up Grant.

The guidance below refers to projects that receive Academy Orders on or after 1 April 2014 (apart from projects where there is no predecessor school – see paragraph 1.2 above). Projects with earlier Academy Orders will continue to use the current arrangements.

2 Primary academies

2.1 The Start-Up Grant for Primary Academies is calculated by combining a flat rate allocation with a formulaic allocation based on pupil numbers at the academy. The pupil numbers used will be the same as those used for calculating General Annual Grant (GAG) funding. The new upper cap of £50k is based on the average cost for a Senior Leadership Team member. Academies will receive funding on a sliding scale based on occupancy levels. For example an academy with capacity at 70% or lower will receive the full allocation. An academy operating at between 70% - 86% capacity will receive £2.5k for every percentage the academy is below 90% capacity. An academy with capacity between 87% - 90% will be below the minimum amount will not receive any grant. An academy with capacity higher than 90% will not receive any grant.

The lower amount (£10k) is based on an amount that is reasonable enough to enable schools to effect change. Funding below this level would not be sufficient to make a change to a school which has been underperforming for a number of years. Any school below this level would not receive any funding.

Flat rate allocation

2.2 The flat rate allocation varies according to the size of the school. Academies that are smaller than two forms of entry (2FE) will receive a grant of £25k; larger Academies (2FE or greater) will receive a grant of £50k. This allocation will be paid in the first academic year of opening only, 50% in month one, 25% in month two and 25% in month three.

Formulaic allocation for diseconomies

2.3 This allocation varies according to the number of pupils on roll in the first year of opening at the academy compared to the academy's capacity. It is not based on the size of the school. The range in pupil numbers between small and large primary schools is low – unlike at secondary level - and Senior Leadership Team salaries do not vary widely across schools. The maximum amount will be sufficient to fund an additional leader in a primary school of any size.

This allocation is intended to contribute towards leadership or other costs as the new academy builds up its pupil numbers. However, this allocation is not hypothecated and the academy can direct it to priorities, as it sees fit.

Where an academy does use the funding to pay for up to one additional senior leader, we would expect this staff member to undertake the work of building pupil numbers and growing the academy up to its capacity. This funding will be split into two equal amounts and will be payable over the first two academic years after opening only. If a Primary Academy opens later than September, the Education Funding Agency (EFA) will adjust payments made to the academy in its first year of opening, so that it receives the full amount spread across the remaining months post-opening to the end of the academic year.

We would not normally expect a school to open at less than 50% of its capacity, so the maximum formulaic allocation an academy would receive would be £50k.

Examples

2.4 A 2 form entry primary academy will have 255 pupils on roll out of a total capacity of 360. It will therefore be 71% full on opening. The academy would receive total diseconomies funding of £47.5k ($19 \times £2.5\text{k}$) over the first two years (i.e. £23.7k per year) plus £50k flat rate grant in the first year. Its funding would, therefore, be £73.7k in year one and £23.7k in year two. The total Start-Up Grant the academy receives is £97.5k (£47.5k + £50k)

A 1 FE primary academy will have 153 pupils on roll out of a total capacity of 210. It will therefore be 73% full on opening. The academy would receive total diseconomies funding of £42.5k ($17 \times £2.5\text{k}$) over the first two years (i.e. £21.2k per year). The academy would also receive a flat rate grant of £25k in the first year. Its funding would, therefore, be £46.3k in year one and £21.2k in year two. The total Start-Up Grant the academy receives is £67.5k (£42.5k + £25k).

3 Secondary academies

3.1 The Start-Up Grant for new Secondary Academies will be calculated using the same approach as for primary academies above (calculated by combining a per-pupil flat rate allocation with a formulaic allocation based on pupil numbers at the predecessor school). However, the upper limit will be based on the size of the school. This is because average senior leader salaries vary significantly in secondary schools depending on pupil numbers. A small academy (up to 250 capacity) will receive a maximum of £60.1k and a large academy (1000+ capacity) a maximum of £80.2k. Any academy between these two sizes (i.e. 251 – 999 capacity) will receive a proportional amount. For example, a 625 place academy at 70% would receive a maximum of £70.0k.

A ready reckoner is available on the Department's website to help these sizes of schools calculate the amount of grant they would receive.

Flat rate per-pupil allocation

3.2 As stated above the flat rate element of the grant will not be affected by the new changes. A flat-rate allocation of £150 per pupil at the Academy will still be paid. It will be paid in the first year of opening only, 50% in month one, 25% in month two and 25% in month three. This replaces the previous grants that were paid to cover new uniforms, books and resources, staff recruitment and training etc. Experience suggests that many academies have chosen to use funding in these areas (particularly new uniforms as a way of rebranding the school) but it will be for the academy to decide how to use the money to best meet its priority needs.

Formulaic allocation for diseconomies

3.3 The formulaic allocation for leadership capacity will be based on the number of pupils on roll in the first year of opening at the academy compared to the academy's capacity. It is also based on the size of the academy. This recognises the higher salary costs faced by larger schools. The purpose of the funding is to provide for up to one additional senior leadership team member in academies that open below 90% capacity.

This allocation is intended to contribute towards leadership or other costs as the new academy builds up its pupil numbers. However, it is not hypothecated and the academy can direct it to priorities as it sees fit. This funding will be split into equal annual amounts over the first three academic years after opening only. As with primary sponsored academies, if a secondary sponsored academy opens after September, the EFA will adjust payments made in the academy's first year of opening, so that it receives the full amount spread across the remaining months post-opening to the end of the academic year.

Examples

3.4 A secondary academy opening with 957 pupils on roll out of a capacity of 1100 will be 87% full on opening i.e. 3% below being 90% full. It would receive £4.0k per percentage point below 90% full. It's formulaic allocation would, therefore, be £12.0k ($3 \times £4.0k$). It would also receive a per pupil allocation of £143.5k ($957 \times £150$). The total Start-Up Grant the academy receives is £155.5k (£12.0k + £143.5k).

A secondary academy opening with 731 pupils on roll out of a capacity of 950 would be 77% full on opening i.e. 13% below being 90% full. It would receive £3.9k per percentage point below 90% full. It's formulaic allocation would, therefore, be £50.7k ($13 \times £3.9k$). It would also receive a per-pupil allocation of £109.6k ($731 \times £150$). The total Start-Up Grant the academy receives is £160.3k (£50.7k + £109.6k).

As for primaries, we would not normally expect schools to open less than 50% full, so the maximum formulaic allocation an academy would receive would be limited depending on the size of the academy.

4 Alternative provision academies and special academies

4.1 Alternative Provision Academies and Special Academies with up to 100 places receive a flat rate allocation of £25k

4.2 Alternative Provision Academies and Special Academies with 100 or more places would be allocated £25k + £250 per place over 100. This level of funding will be reviewed annually to ensure that the level of grant is appropriate.

4.3 Special Academies and Alternative Provision Academies do not receive a formulaic allocation for leadership capacity as their GAG is allocated on a per-place rather than per-pupil basis. This already takes account of staff diseconomies of scale, recognising that pupil numbers in such provision can fluctuate widely throughout the year. The flat-rate grants will be paid in the first academic year of opening only, 50% in month one, 25% in month two and 25% in month three.

Examples

4.4 A 30 place Alternative Provision Academy opening in September would receive a Start-Up Grant of £25k during its first year.

A 120 place Special Academy opening in April would receive a Start-Up Grant of £30k ($[20 \times £250] + £25k$).

5 All-through academies and mergers

5.1 If a primary and secondary school are merging to become an all-through sponsored Academy, and where either both the primary and secondary schools or secondary phase only would have been eligible to be a full-sponsored Academy because of poor performance at the predecessor schools, the Start-Up Grant payable is based on the secondary Sponsored Academies model.

5.2 If just the primary would have been eligible to be a full-sponsored Academy, the Start-Up Grant will be paid at the primary rate.

5.3 If infants and juniors schools are being merged to form a primary sponsored Academy, they will be funded at the primary rate.

5.4 If an all-through Academy is being created through merging an existing Academy with the creation of new provision, we would expect the LA to meet all costs of the new provision and so no additional Start-Up Grant would be paid. If an all-through Academy is created through merging an existing sponsored Academy with an underperforming school that would otherwise have been eligible to be full-sponsored in its own right, additional start-up grant will be provided to cover the difference in pupil numbers. For example, if an underperforming primary is merged with an existing sponsored secondary Academy to form an all-through Academy, additional start-up grant to cover the extra primary pupils will be calculated based on the secondary model (as per paragraph 5.1 above).

6 Further information

Any general queries about this guidance should be directed towards the Education Funding Agency (EFA) who can be contacted at the following address: academyquestions@efa.education.gov.uk

If you have a project specific issue please contact your named Project Lead.

Part 3: environmental improvement grant for full sponsored academies

This guidance is intended to provide Academy Trusts/sponsors (AT/s) with information about the changes to the Environmental Improvement Grant (EIG) that is available from the Department for eligible full sponsored Academy projects. The new EIG arrangements will apply to projects that receive initial Ministerial approval for the delivery route on or after 1 September 2013. Projects that received approval before this date will still receive the existing rates. Your Department project lead will be able to give you more information on running projects under these new arrangements.

The purpose

1. Environmental Improvements are light capital works intended to have an impact on pupil learning spaces and to make a visual statement that the 'old school' has become an Academy. Funding for environmental improvements is primarily intended to be used as light refurbishment works that make an immediate impact only.
2. The underlying principle for the works should be the impact on teaching, learning and the environment experienced by staff and pupils of the Academy. The following table indicates some of the categories of work that could be undertaken. In considering the options, works should be chosen that impact on the maximum number of pupils in their daily lives at the school and clearly demonstrate that change has taken place.

Works	Description
Signage	New signage external and internal to show that the predecessor school has become an Academy. <i>Costs of design and branding are covered by pre-opening funding.</i>
Entrances	Refurbishment of the reception areas and student entrances, for example using plasma screens/re-ordering and opening up reception.
Specialism areas	Improvements to learning spaces, particularly those relating to the Academy's specialism, or to communal resource areas such as the library.
Student spaces	Improvements to shared spaces, particularly dining areas and toilets, to create a new ethos, social space and climate.
Uplift	Redecoration and new finishes to improve the general appearance of the buildings.
Security	Urgent improvements to security, including CCTV, entrance gates and perimeter fencing if necessary. Where the existing site will not develop into an Academy (i.e. the Academy will be rebuilt on a different site) this should be kept to a minimum.

ICT	EIG can be used for installing plasma screens in reception, replacing or installing a new network server, or providing a wireless internet hub. EIG will not be allocated for purchasing laptops for the teachers/pupils, as the Academy's revenue budget should be used for this.
-----	--

3. Priority should be given to works which will be of greatest benefit to pupils. Some of the most effective schemes have been in the reception area, facilities to support specialisms, or giving the school a 'heart' in its hall or dining facilities.

4. EIG is not intended to cover urgent maintenance and health and safety work. Any urgent maintenance and health and safety issues in the predecessor school are the responsibility of the maintaining authority (the local authority, the diocese if a voluntary aided school or the predecessor school itself though Devolved Formula Capital (DFC)). It is the responsibility of the maintaining authority to ensure the school buildings are fit for purpose before the land transfer takes place and the Academy can open.

Funding allocation

5. EIG will be awarded to Sponsored Academies opening in predecessor school buildings on the basis of individual need. The recommendation to award EIG will be made jointly by the DfE Project Lead (PL) and Education Adviser (EA) at the initial school visit and will be subject to Ministerial approval.

6. For Academies that receive initial Ministerial approval for the delivery route on or after 1 September 2013, EIG, where awarded, will be a flat-rate grant. The amounts are:

- £40k for primary, special and alternative provision Academies
- £80k for secondary and all-through

7. Any Academy which opens in new or recently extensively refurbished buildings will not normally receive any funding for environmental improvements, unless there are serious issues with the buildings. Such cases will be considered on an individual basis. Sponsored Academies that are set up as new provision under section 6A of the Education and Inspections Act 2006 will not be eligible for EIG because all their capital funding should be met by the Local Authority.

8. If the AT/s wishes to commission a scheme of capital works of greater value than the EIG, it may do so. It will need to find the extra funding itself, or possibly through the use of any of the predecessor school's unspent DFC, and provide written confirmation that this is the case.

9. EIG is not normally available to Academies that have already opened. Please discuss individual circumstances with your PL, such as cases where it is decided at a date after the Academy has opened to add a primary phase. EIG is only available to Academies opening in the predecessor school buildings and every effort must be made to ensure all work is completed before the Academy opens.

10. AT/s can reclaim the VAT on environmental improvements in the same way it can for all other eligible expenditure. The grant is deemed to be inclusive of VAT where it cannot be claimed back. The procurement route for the works should be chosen to maximise the expenditure on works, rather than it being allocated to VAT. For further guidance, please see paragraphs 21-24 below.

Process outline

Site Visit and Environmental Improvement Report

11. Once the Minister approves the release of pre-opening funding for an Academy, the DfE PL will contact Navigant (the Department's contracted architects) to advise them if EIG has been awarded. Navigant will then email the AT/s to arrange the visit, and it will be for the AT/s to invite other attendees as it sees fit (usually an AT/s representative, Principal Designate (PD), Project Manager and LA representative (if the LA is procuring the works)). The DfE PL may also attend if available. Where possible, the visit should be arranged to coincide with the first Project Steering Group (PSG) to minimise travel time for attendees.

12. The Navigant architect, accompanied by the other attendees, will visit the site and discuss the potential scope of works. Following the site visit, Navigant documents the scope of works in the Environmental Improvement Report (EIR). A blank template is included at Annex A. The PL and EA will discuss the draft scope of works before agreeing the scope with Navigant.

13. The scope of works table includes space to describe the works required and 'before' photographs, and will identify the works required in priority order. The AT/s will be expected to implement as many of the improvements as possible, in priority order, using the EIG, and any further funding they supplement the grant with.

14. Once the Architect, EA and PL have agreed the scope of works, the PL will forward it to the AT/s for agreement. Once the scope of works has been drawn up it cannot be changed at a later date. Therefore, if the PD has not been appointed, it is strongly recommend that an AT/s representative attends the site visit.

15. Once the AT/s is content with the scope of works, the PL will issue the grant letter, including a copy of the EIR. The grant letter clearly sets out the amount of funding available, the roles of the AT/s, the payment arrangements and conditions of grant. A process flow chart is attached at Annex B.

Procurement and Completion of Works

16. Once the grant letter has been issued, the AT/s can obtain quotes and procure the works without approval by Navigant or the Department - we will no longer require the AA form to be completed, or for the AT/s to submit quotes. It will be up to the AT/s to

maintain appropriate financial records and to ensure that it complies with public procurement requirements – this is explained in the grant letter.

- The Managing Public Money Guidance is at:
http://www.hm-treasury.gov.uk/psr_mpm_index.htm; and
- the Public Procurement Regulations are
at: <http://www.legislation.gov.uk/ukxi/2006/5/contents/made> (the main regulations)
and <http://www.legislation.gov.uk/ukxi/2011/2053/made> (the revision).

17. The AT/s should arrange for the works to be completed prior to the Academy opening. Every effort should be made to achieve completion prior to opening but approval dates, planning permission, delivery times etc. may mean that some works go beyond opening.

18. Once the works have been completed, the AT/s should provide evidence by inserting photographs into the relevant column of the EIR scope of works. Where it has not been possible to address all the identified priorities, the AT/s should provide a brief explanation within the space provided. The declaration within the EIR should also be signed by the AT/s's Finance Director, who should also provide details of the bank account into which payment can be made. The AT/s should send the completed EIR to Navigant and to the DfE PL and Assistant Project Lead (APL), as directed in the grant letter. A scanned copy should be sent to Navigant to speed up the approvals process, but an original signed hard copy must be sent to the DfE PL to arrange payment of grant once the works have been approved.

19. Navigant will notify the DfE PL and APL when it is satisfied that the works have been completed. The PL will then arrange for the EIG to be paid in full directly into the bank account identified within the EIR.

20. Any queries about the EI works or process should be sent to the DfE PL and APL rather than Navigant.

Other matters

VAT, fees and other associated costs

21. The amount of EIG payable by DfE is the sum quoted in the grant letter and EIR. This funding includes any non-recoverable VAT, costs for professional fees and all other associated costs.

22. The revised VAT regulations in Clause 75 of the Finance Bill 2011, which inserted a new section 33B into the VAT Act 1994, provides for the refund of VAT incurred by proprietors of Academies. It is possible to commission EIG work through the AT/s, however, the AT/s should check the VAT position with its local VAT office. Equally, if VAT pushes the total above the amount of grant, the AT/s should seek separate advice from


its local VAT office on the potential of claiming VAT back from HMRC where the position is unclear.

23. If the predecessor school commissions the EIG works then VAT can be reclaimed from the Local Authority. If the Local Authority commissions the work, then it will reclaim the VAT for the school.

24. If VAT is not reclaimable, either the proposed EIG works would need to be revised to reduce the sum to come within the grant awarded, or alternative funding for the outstanding amount would need to be identified by the AT/s.

Annex A

Environmental Improvement Report

ENVIRONMENTAL IMPROVEMENT WORKS	
ENVIRONMENTAL IMPROVEMENT REPORT	
School Address:	Prepared by:
	Report date:
The EIG visit took place on:	
Attendance:	
<p>DfE Guidelines: Environmental Improvements are light capital works intended to have an impact on pupil learning spaces and to make a statement that the 'old school' has become an Academy. The funding for environmental improvements is primarily intended as light refurbishment to make an immediate impact. Hence, the following details the scope which is considered appropriate for this school. The underlying principle for the scope of work is that it should impact on teaching, learning and the environment experienced by staff and students of the Academy. The grant is deemed to be inclusive of VAT where the VAT cannot be claimed back. All preliminary costs, consultant fees, procurement and management fees, planning and building regulation costs etc. are deemed to be included as appropriate within the grant. This scope does not include the identification of other condition and/or H&S issues that may need to be addressed. Elements of the proposed works may require statutory consents such as Planning Permission and this should be taken into account when programming and costing the works to meet the funding timescales detailed below.</p> <p>Prior to payment of grant by DfE, the Academy Trust must submit photographic evidence of the completed works to Navigant for approval.</p>	
General notes: (About school, to be completed by Navigant)	

SCOPE OF WORKS			
Priority	Notes	'Before' Pictures	'After' pictures
1	Description of works to be undertaken to be inserted by Navigant	To be inserted by Navigant	To be inserted by Trust once works completed
2			
3			
TOTAL GRANT AVAILABLE			£40,000/ 80,000
This scope of works identifies the environmental improvement priorities and the Trust must maximise the use of grant to provide these improvements, as far as			
Where the Trust has not been able to address all of the priorities, or has not addressed them in order, please provide a brief explanation here.			

DECLARATION ON BEHALF OF [NAME] ACADEMY TRUST <i>To be signed by the Academy Trust's Finance Director</i>	
I confirm that all works have been completed, and that the grant has been spent appropriately on the works, as specified in the above scope. I also confirm that the photos are a genuine representation of the works that have been completed.	
Signature:	Name :
Position: Finance Director	Date:

BANK DETAILS										
[Name] Academy Trust										
Please make payment of Environmental Improvement Grant (capital grant) into the following account:										
Bank or Building Society:				Account Details:						
Name:				Sort Code:						
Address:				Account No:						
				Account title:						
Address for Remittance to be sent:										
Bank details authorised by (original signatures):										
Signature 1:					Signature 2:					
Name:					Name:					
Position:					Position:					
Date:					Date:					

Annex B

The Process for Administering EIG

This chart outlines the new process for administering EIG.

1	DfE EA and PL undertake initial school visit and decide whether EIG will be awarded.
2	Once Minister has approved pre-opening funding, PL notifies Navigant if EIG has been awarded.
3	Navigant contacts AT/s to arrange visit (to coincide with first PSG where possible).
4	EIG visit takes place.
5	Navigant draws up scope of works, to be discussed by DfE PL and EA and agreed with Navigant.
6	PL sends scope of works to AT/s for agreement.
7	Once AT/s is content with the scope of works, PL/APL sends grant letter to AT/s including Environmental Improvement Report (EIR).
8	AT/s obtains quotes, or organises procurement through LA, and arranges for works to be completed.
9	When works complete, AT/s emails completed EIR, including photographic evidence, and signed declaration to Navigant to sign off works. Original signed copy to be sent to DfE PL.
10	Navigant notifies PL that works have been completed.
11	Grant paid in full.



Department
for Education

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